

Message Text

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10

ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 EB-03 PM-03

SP-02 L-01 CIAE-00 DODE-00 OMB-01 H-01 /043 W

----- 038598

R 250439Z JUN 75

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 0606

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

C O N F I D E N T I A L DOHA 0755

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, QA

SUBJ: QATAR OIL SITUATION

REF: DOHA 0729 AND PREVIOUS

1. ON JUNE 24 WE COMPARED NOTES WITH UK AMB ON OIL SITUATION
IN QATAR. HIS GENERAL APPRECIATION SIMILAR TO OURS (REFTELS).

2. ACCORDING UK AMB, SHELL/QATAR ALSO BEGINNING TO FEEL PRICE
SQUEEZE, AND ITS PRODUCTION FOR JUNE WILL SHOW 30,000 BPD RE-
DUCTION. HE SAID SHELL'S PROJECTED PRODUCTION FOR JULY COULD
SHOW FURTHER CUT TO 155,000 BPD (MAY AVERAGE FOR SHELL 296,036
BPD).

3. UK AMB REMARKED THAT AMIR HAD TOLD HIM DURING RECENT CON-
VERSATION THAT GOQ COULD GET ALONG COMFORTABLY WITH PRODUCTION
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OF ABOUT 50 PERCENT OF CAPACITY, ALTHOUGH THIS WOULD RESTRICT

OUTSIDE INVESTMENT AND FOREIGN AID. (COMMENT: IF QPC AND SHELL
CEASE PURCHASING BUY BACK CRUDE ON JUNE 30 BUT CONTINUE TO LIFT
FULL PORTION OF EQUITY CRUDE, THIS, PLUS LIFTINGS OF PRESENT
OUTSIDE BUYERS, WOULD KEEP QATARI PRODUCTION AT ABOUT 50 PERCENT
OF CAPACITY.)

4. UKAMB EXPRESSED VIEW THAT ALTHOUGH GOVT-COMPANY RELATIONS
MAY BE IN FOR SOME ROUGHT TIMES OVER PRICE ISSUE AND RELATED
PROBLEMS OF 100 PERCENT TAKEOVER, HE WAS CONFIDENT THAT THINGS
WOULD WORK OUT AND THAT THERE WOULD NOT RPT NOT BE MAJOR RUPTURE
BETWEEN GOVT AND COMPANIES. UK AMB SAID THAT HE HAD RECOMMENDED
TO GOQ OIL MINISTER THAT GOVT SEEK COMPLETE OUTSIDER FOR
OBJECTIVE READING ON VALIDITY OF POSITIONS OF BOTH SIDES RE
PRICE IMPASSE.

5. COMMENT: AMIR'S CONFIDENCE THAT GOQ CAN STAND REVENUE LOSS
IS INDICATIVE THAT GOVT MAY CONTINUE TO HOLD OUT ON PRICE ISSUE
UNTIL HOPED FOR TURN AROUND IN MARKET CONDITIONS NEXT FALL.
PAGANELLI

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